

Chapter 4 - Classification Structure

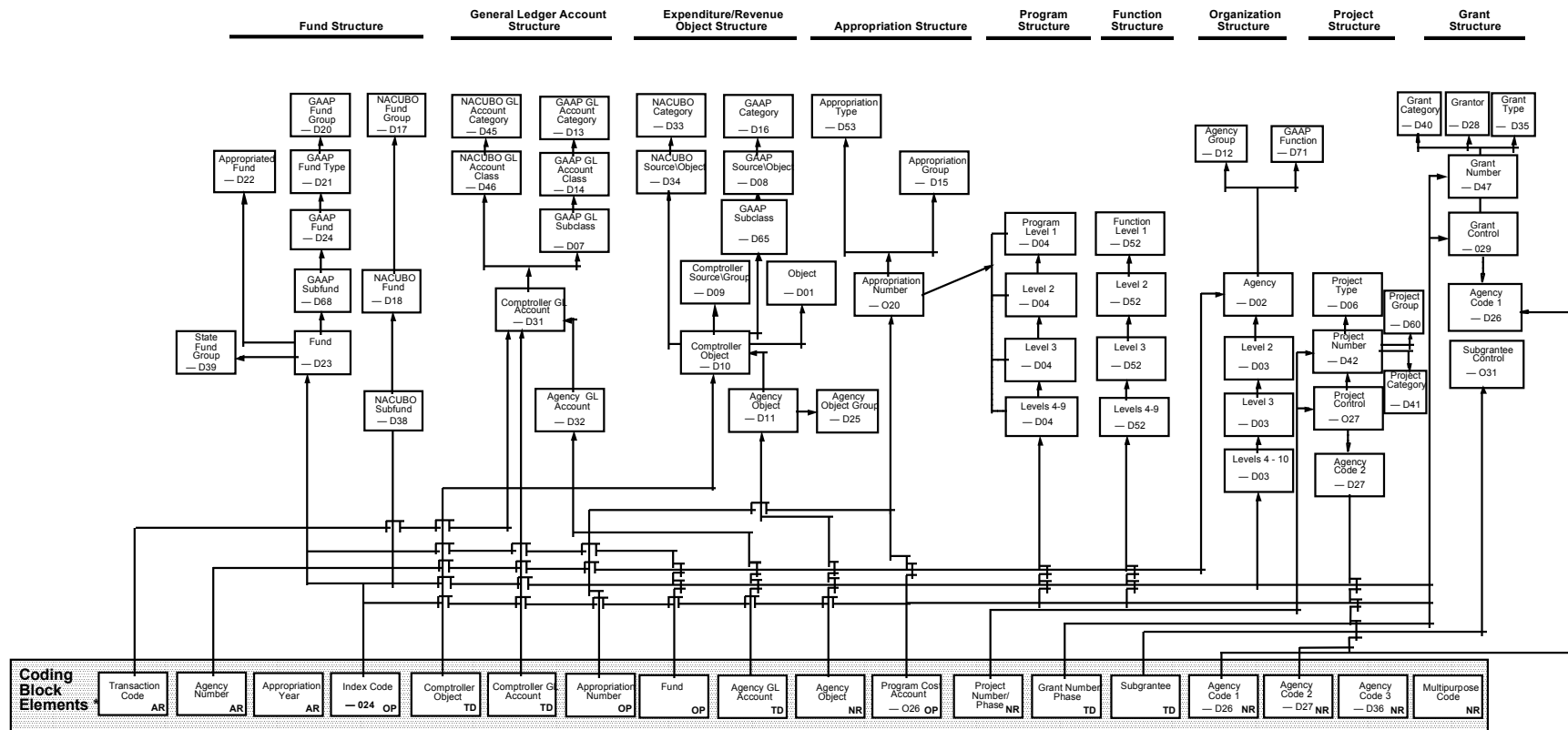
INTRODUCTION

R★STARS is designed to accumulate financial information through the use of a formal data classification structure. Individual accounting events, such as the payment of vouchers, contracts, or the disbursement of funds, must be assigned a series of classification elements to completely identify the accounting impact of each transaction. After entry into the accounting system, classification elements facilitate the summarization of the data in a variety of ways, and serve as the primary means through which R★STARS is able to produce financial information.

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EXHIBIT 4.1 R★STARS DATA CLASSIFICATION STRUCTURE



* For minimum Reporting Requirements, Coding Block Elements are classified as:
 AR Always Required
 TD Transaction Dependent
 OP Optional, Based on Agency Coding Decisions
 NR Never Required

4.1 DATA CLASSIFICATION STRUCTURE

What is a Data Classification Structure?

A data classification structure is a reporting-oriented vehicle in an accounting system which defines and groups accounting information for data capturing and reporting purposes. After these elements are input into the accounting system, they can be summarized to provide financial management information, such as total tax revenue collected by the state, payments made on a particular bond issue, the amount of appropriations expended and/or encumbered by a given agency and so on.

How is the R★STARS Data Classification Structure Organized?

The proposed R★STARS data classification structure is organized into ten major areas. These major areas include:

- Fund Structure
- General Ledger Account Structure
- Expenditure/Revenue Object Structure
- Appropriation Structure
- Program Structure
- Function Structure
- Organization Structure
- Grant Structure
- Project Structure
- Other

These structures are necessary to meet functional, legislative, and Generally Accepted Accounting Principles (GAAP) accounting and reporting requirements.

The following pages describe each major area in the classification structure and the data elements that form the structures. These elements represent the kinds of information that will be reported by R★STARS. Keep in mind that not all of these classification elements must be keyed into R★STARS at the time the transaction is entered. Where appropriate, the elements that are entered will reference (or infer) the other elements in the classification structure through various profiles. A summary of the classification structure and coding block is illustrated on page [4.2-1](#).

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Fund Structure

The fund structure incorporates two distinct components into its framework. The first is the state fund structure which allows R★STARS to capture appropriated fund activity for the legislature. The second component is the GAAP Fund Structure which allows R★STARS to report funds in accordance with GAAP. To achieve this dual structure, R★STARS makes use of an agency-defined fund number, known as Appropriated Fund in R★STARS and equivalent to the GA/FMIS Fund, which references the appropriated fund and the GAAP subfund which, in turn, references the GAAP Fund for State of Michigan Comprehensive Annual Financial Report (SOM-CAFR) reporting.

The fund number may be inferred by the Index, by Program Cost Account (PCA) or it may be entered. All other data elements in the fund structure (i.e., GAAP Subfund, GAAP Fund, GAAP Fund Type, GAAP Fund Group) are referenced by profiles and are not entered on transactions.

Definitions

Fund — the lowest level in the fund structure. This number may be assigned by the individual agencies to serve their internal accounting needs. The Fund profile will then infer (or reference) the appropriated fund, the GAAP subfund, and the State Fund Group. The Fund represents the source of funds and is a new concept not available under GA/FMIS.

Appropriated Fund — established for the purpose of accounting for specific activities or the attainment of certain objectives in accordance with legislative acts, special regulations, restrictions or limitations. An appropriated fund can also be established for funds not subject to annual appropriations. The R★STARS Appropriated Fund is equivalent to the Fund in GA/FMIS.

State Fund Group — established for the purpose of grouping funds so they may be summarized in a manner other than appropriated fund or GAAP. State Fund Groups may facilitate bond accounting and non-budgeted accounting.

GAAP Subfund — established for the purpose of grouping funds for reporting in the annual GAAP basis SOM-CAFR when a combined column is required on a combining statement.

GAAP Fund — established for the purpose of grouping funds for reporting in the annual GAAP basis SOM-CAFR to prepare the combining statements.

GAAP Fund Type — refers to the major fund types and account groups set forth in the Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification), Section 1300.104 and also additions necessary for implementation of GASB 14,

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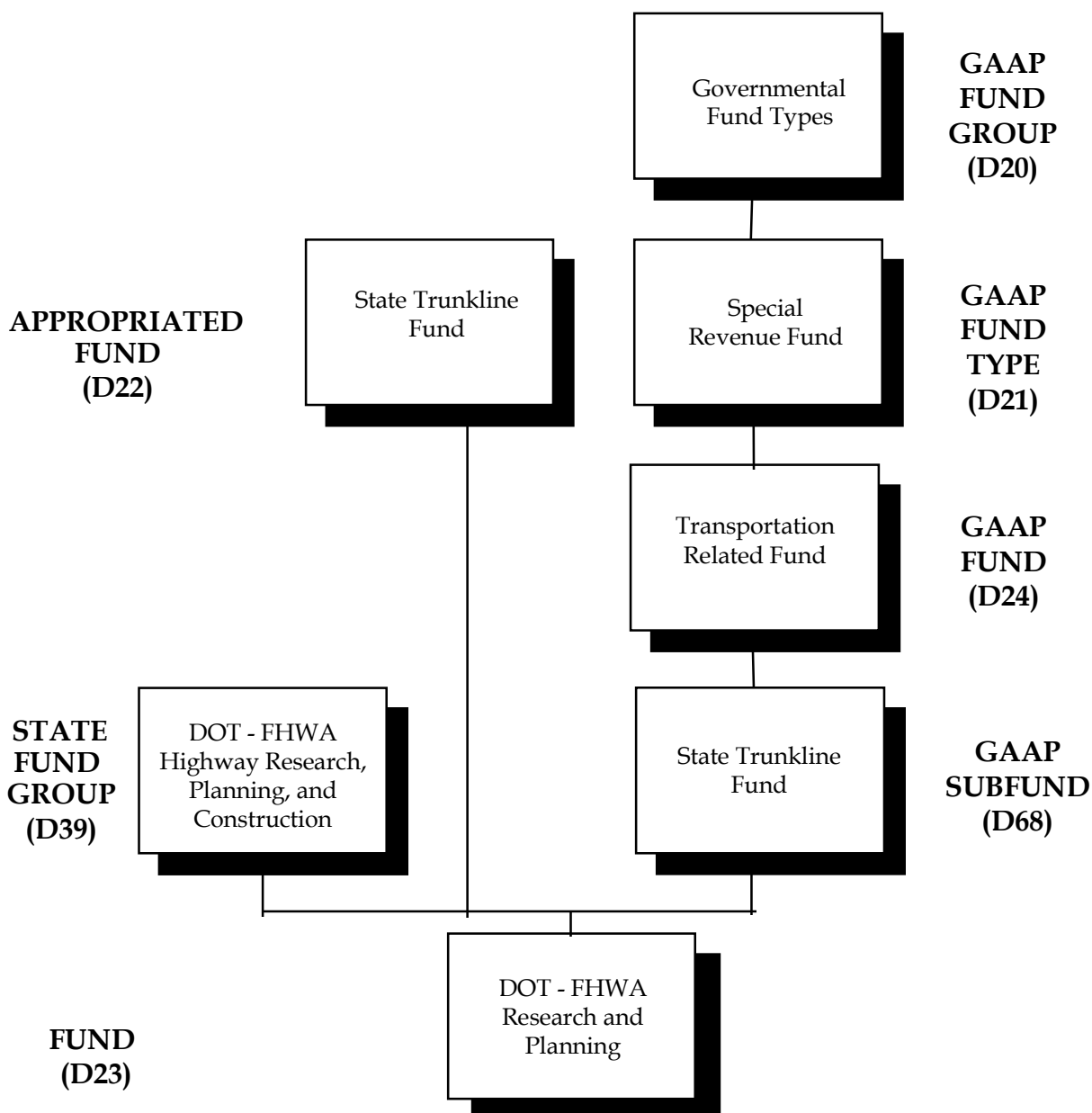
The Financial Reporting Entity Statement. Examples are General, Special Revenue, and General Fixed Assets Account Group.

GAAP Fund Group — represents the fund categories shown in the GASB Codification (e.g., governmental funds, proprietary funds, fiduciary funds and account groups). Each GAAP fund type will be assigned to a GAAP fund group. For the purpose of compiling the annual GAAP basis SOM-CAFR, GAAP fund types of colleges and universities will be consolidated into an additional GAAP fund group called colleges and universities.

The R★STARS fund structure is illustrated in the following exhibit.

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FUND STRUCTURE AGENCY EXAMPLE



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General Ledger Account Structure

The General Ledger Account structure supports both Generally Accepted Accounting Principles (GAAP) and groupings of the general ledger accounts for the systemwide cash basis reports. Groupings for general ledger accounts are fundamentally the same for GAAP and cash basis reports with the primary difference being the accruals recorded for GAAP compliance.

Usually, the Comptroller General Ledger Account (see the D31 Comptroller General Ledger Account profile) is inferred by the transaction code (T-Code). However, if the T-Code provides only one side of the general ledger entry (e.g., debit or credit), the account for the other side must be entered when the transaction is entered.

When the Agency General Ledger Account code is used in FACS, it will always infer the appropriate Comptroller General Ledger Account (see the D32 Agency GL Account R★STARS profile for your Agency General Ledger Accounts for more explanation). You cannot and need not enter both a Comptroller General Ledger Account number AND an Agency General Ledger Account number on the same transaction.

All elements in the General Ledger Account structure other than the Comptroller General Ledger Account number (e.g., General Ledger Subclass, General Ledger Account Class, and General Ledger Account Category) are used for SOM-CAFR reporting and are inferred via profiles. You cannot and need not enter these elements on transactions.

Definitions

Agency General Ledger Account — usually an optional level of detail below the systemwide General Ledger Account. An agency may require this lower level of detail if the agency is using R★STARS for internal accounting and reporting. Also, agencies with their own internal accounting system might want to use such a data element to make the coding of vouchers and reconciliation of their system to R★STARS easier.

In most cases T-Codes infer the Comptroller General Ledger Account. Only where the Comptroller General Ledger Account is required on input does an Agency General Ledger Account infer the Comptroller General Ledger Account. Additionally, there are certain situations where Agency General Ledger Account is not an optional level of detail but is required and defined at the systemwide level. An example would be transactions affecting the or Due To/Due From accounts.

Comptroller General Ledger Account — the lowest level of the General Ledger Account Structure for systemwide accounting purposes.

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GAAP General Ledger Subclass — a grouping of General Ledger Accounts. General Ledger Subclasses will appear as a further breakdown of line items on the GAAP basis financial statements produced by R★STARS. This element represents the line items on the combining balance sheets of the SOM-CAFR.

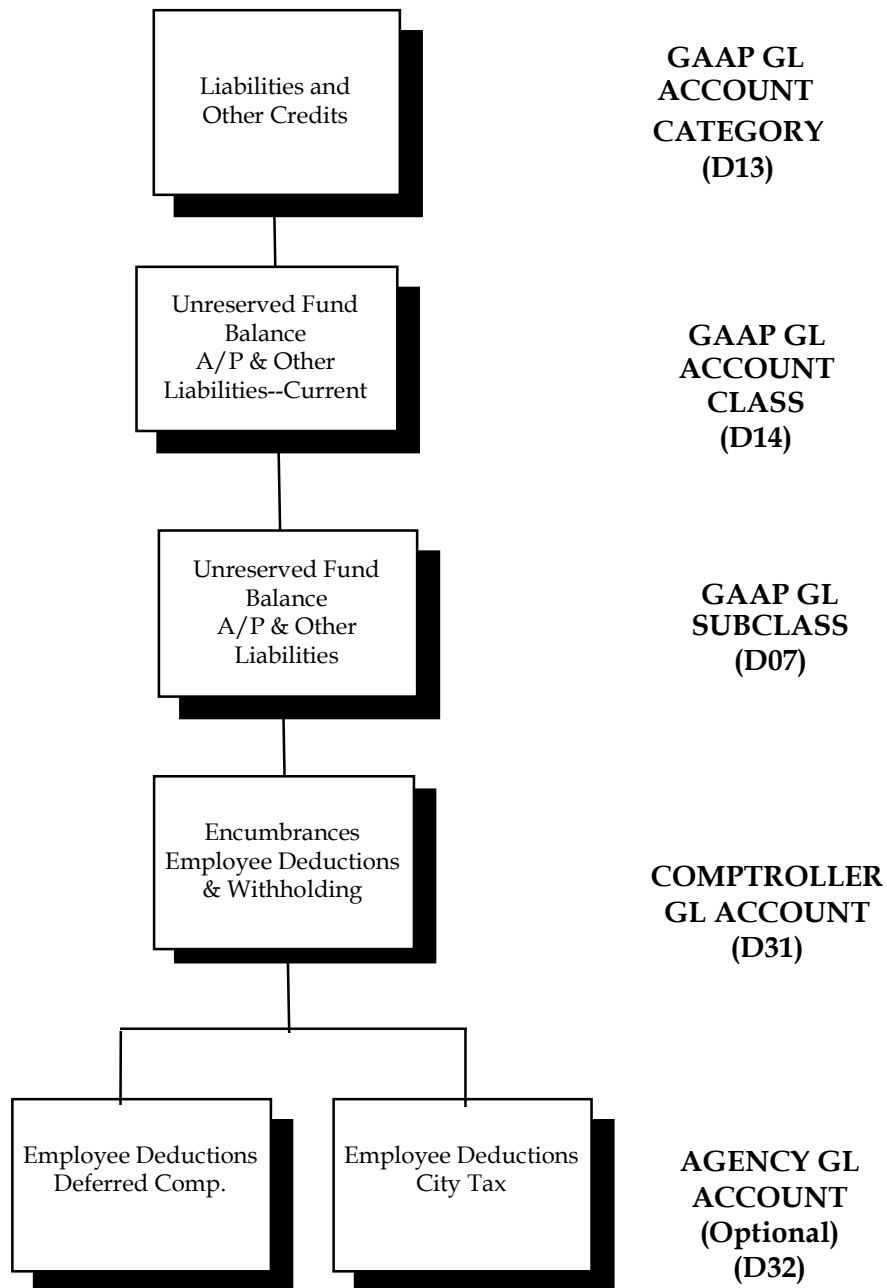
GAAP General Ledger Account Class — a grouping of General Ledger Subclass accounts. General Ledger Account Classes will appear as line items on the GAAP basis financial statements produced by R★STARS. Examples include Fund Cash Accounts, Accounts Receivable and Warrants Payable. This element represents the line items on the combined balance sheet of the SOM-CAFR.

GAAP General Ledger Account Category — a grouping of GAAP General Ledger Account Classes. This data element is the highest level of the R★STARS general ledger account structure required for GAAP reporting. Examples are Assets, Liabilities, and Fund Balance (Deficits).

The proposed R★STARS General Ledger Account structure is illustrated with a payroll example on page 4.1-7.

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GENERAL LEDGER ACCOUNT STRUCTURE AGENCY EXAMPLE



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Object Structure (Revenue)

A major difference between the general ledger account structure and the revenue object structure lies in the flexibility of the agency revenue object. Recall that in the general ledger account structure, the agency account is more detailed than the systemwide account. The agency revenue object, however, may be more detailed, the same, or less detailed than the Comptroller revenue object used systemwide.

An example is an agency that needs less detail for its internal accounting and reporting than is required at the systemwide level. To illustrate, an agency object called “Recovery of Indirect Costs” may apply to two comptroller objects, “Federal Receipts — Earned Credits” and “Earned Federal Funds—Food Stamp Recoupment.”

In this example, the agency must enter the comptroller object (to provide consistent data at the systemwide level). Additionally, the agency may enter its own agency object, if desired. Although this situation increases the key strokes for data entry, it adds flexibility to the system both for on-line users of R★STARS, as well as agencies with their own internal accounting systems who might want to use the agency object to make the coding of vouchers and reconciliation of their system to R★STARS easier.

An additional data element, agency object group, is available to agencies who wish to group their agency objects differently than the Comptroller Group, GAAP, Subclass, or Object.

Depending on the account structure of the agency or institution, the agency has two options for recording transactions against both the Comptroller and agency object:

If the agency object level is more detailed than or the same as the comptroller object:

1. Enter the agency object only. The Agency Object profile will reference the agency object group and the comptroller object. The comptroller object will then reference all other elements in the object structure.

or

If the agency object is less detailed than the comptroller object:

2. Enter the comptroller object (to provide consistent data at the systemwide level) and enter the agency object. (The comptroller object field is blank on the Agency Object profile.)

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Classification Structure

Note that the input coding block on data entry forms and screens contain generic fields for comptroller object and agency object. Either revenue or expenditure object codes may be entered in these fields.

Definitions

Agency Object (Revenue) — code available for agencies to use for accumulating and reporting revenue financial information. The agency object may be more detailed, the same, or less detailed than the comptroller object as defined by the agency. Agency revenue object is an optional data element.

Agency Object Group (Revenue) — code available to group similar agency objects. Agency object group is an optional data element.

Comptroller Object (Revenue) — the lowest level in the object structure for systemwide accounting purposes. Examples include Motor Vehicle Registration Fees, Franchise Tax, Federal Revenue — Matched and Professional Fees.

Comptroller Source (Revenue) — a grouping of comptroller objects. Comptroller sources appear as line items on the systemwide cash basis reports produced by R★STARS. Examples include Tax Collections, Licenses & Fees and Interest Income.

Object (Revenue) — a grouping of comptroller objects for reporting purposes. Examples include Licenses, Fees and Permits, Earnings on Investments and Property Taxes.

GAAP Subclass (Revenue) — a grouping of comptroller objects. GAAP Revenue subclasses will appear as line items on the GAAP basis reports produced by R★STARS. Examples are Federal Revenues and Financing Fees.

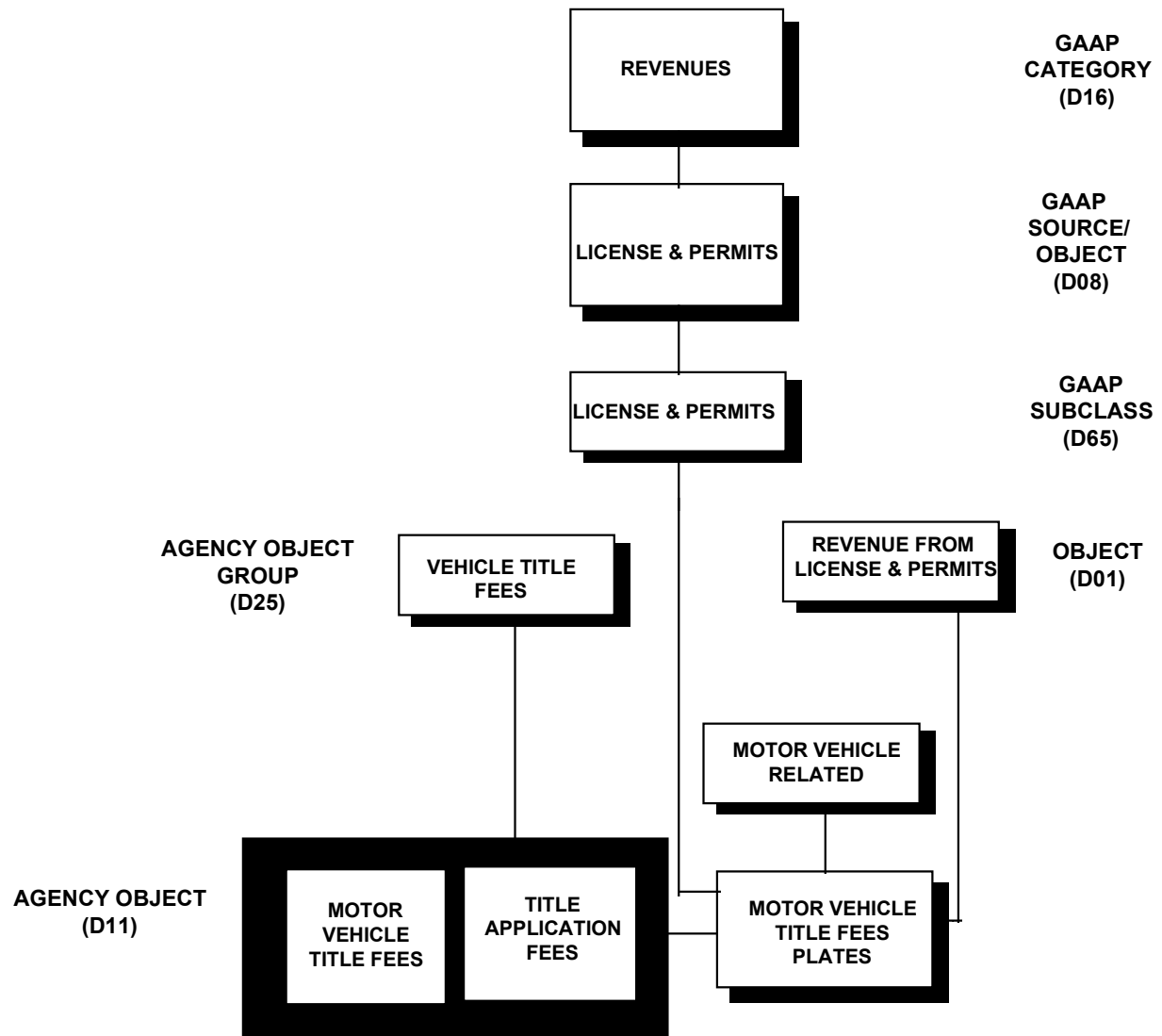
GAAP Source (Revenue) — a grouping of GAAP Subclasses. GAAP Revenue sources will appear as line items on the GAAP basis reports produced by R★STARS. Examples are Taxes, Licenses, Fees & Permits, Earnings on Investments and Luxury Taxes.

GAAP Category (Revenue) — a grouping of GAAP revenue sources. GAAP revenue category is the highest level of the R★STARS object structure required for GAAP reporting. Examples are revenues, operating revenues and non-operating revenues.

| The R★STARS revenue object structure is illustrated on page [4.1-10](#).

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AGENCY OBJECT FOR REVENUES AT LOWER LEVEL OF DETAIL THAN COMPTROLLER OBJECT



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Object Structure (Expenditures)

The object structure for expenditures is very similar to the object structure for revenues. Comptroller object is the lowest level of required recording for systemwide expenditure reporting purposes. If Agency objects are used and the agency object is more detailed than the corresponding Comptroller object, only the Agency object need be entered on transactions. The corresponding Comptroller object is inferred by agency object in this example.

The object structure for expenditures has the same flexibility as the object structure for revenues in that the expenditure agency object may be more detailed, the same, or less detailed than the corresponding comptroller object.

To illustrate, assume that an agency records its accounting transactions in more detail than the comptroller object. For example, the agency objects, Tuition-Education Assistance Non-Taxable, Civil Service Training, and Other Training Non-Taxable might be used by an agency for its internal accounting needs, but at the systemwide level, only one comptroller object code is required, Educational Assistance Payments, Non-Taxable.

In this instance, the agency would enter its agency object only and the Agency Object profile (D11) would reference the comptroller object for Educational Assistance Payments, Non-Taxable.

An additional data element, Agency Object Group (D25), is available to agencies that wish to group their agency objects differently than the systemwide groupings identified above.

Depending on the account structure of the agency or institution, the agency has two options for recording transactions against both the comptroller object and the agency object:

If the agency object level is more detailed than or the same as the comptroller object:

1. Enter the agency object only. The Agency Object profile will reference the agency object group and the comptroller object. The comptroller object will then reference all other elements in the object structure.

or

If the agency object is less detailed than the comptroller object:

2. Enter the comptroller object to provide consistent data at the systemwide level and enter the agency object. (The comptroller object field is blank on the Agency Object profile.)

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Note that the input coding block on data entry forms and screens will contain generic fields for the Comptroller's object and the agency object. Either revenue or expenditure object codes may be entered in these fields.

Definitions

Agency Object - D11 (Expenditures) — an additional code available for agencies to use for accumulating and reporting expenditure financial information at a level determined by the agencies. The agency object may be more detailed, the same, or less detailed than the comptroller object as defined by the agency. Agency object is an optional data element.

Agency Object Group - D25 (Expenditures) — code available for grouping similar agency objects as defined by the agency. Agency object group is an optional data element.

Comptroller Object - D10 (Expenditures) — the lowest level in the object structure for systemwide accounting purposes. Examples include Salaries and Wages —Line Item Exempt Positions, Salaries & Wages—Hourly Full-Time Employees, Overtime Pay, Insurance Premiums and Construction of Buildings.

Object - D01 (Expenditures) — a grouping of comptroller objects. Examples include Personal Services, Travel-in-State and Aid to Others.

GAAP Subclass - D65 (Expenditures) — a grouping of comptroller objects. GAAP Subclasses will appear as line items on the GAAP basis reports produced by R★STARS. Loan Loss Expense and Tuition Benefit Expense are examples.

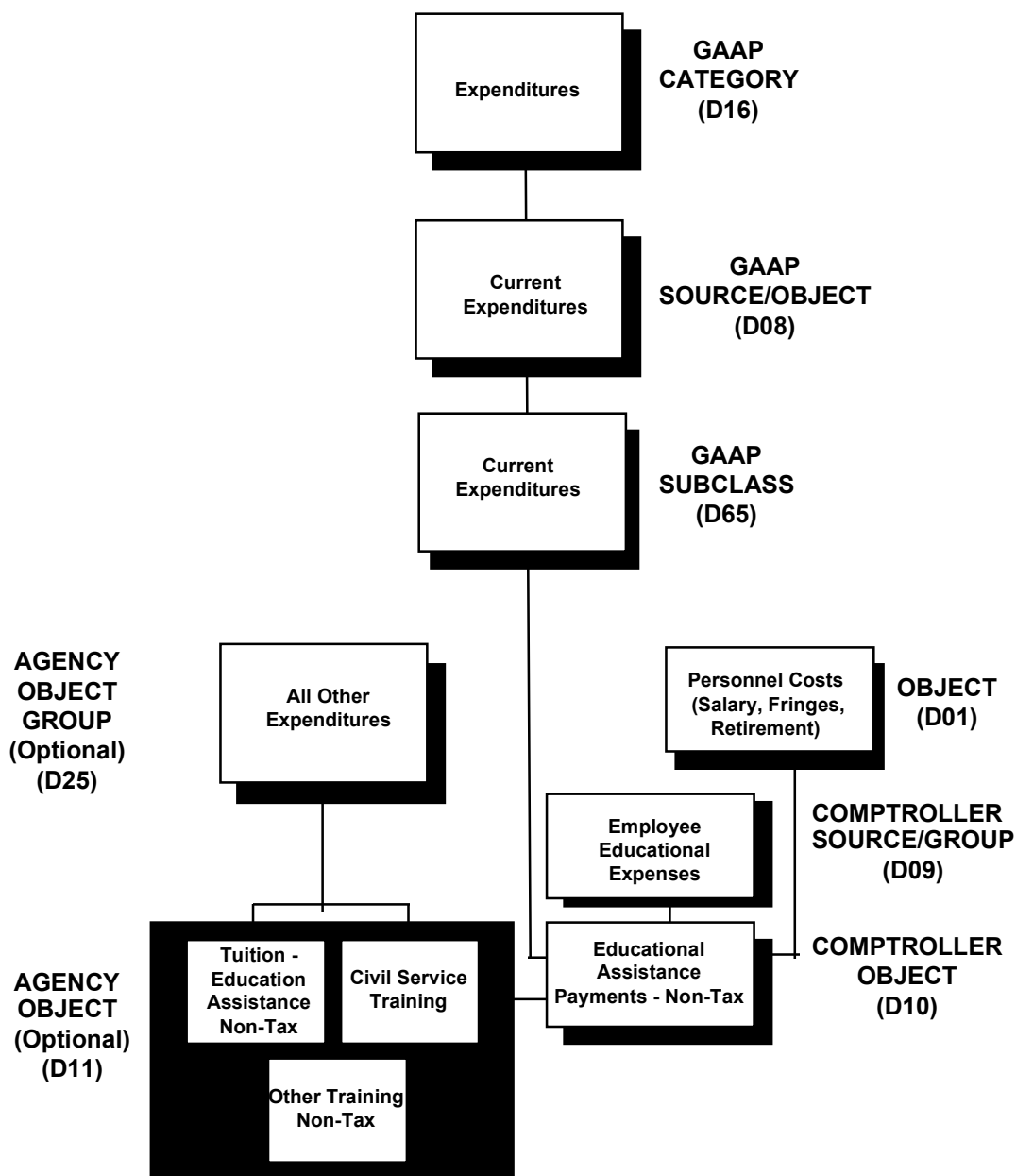
GAAP Source/Object - D08 (Expenditures) — a grouping of GAAP Subclasses. GAAP Source/Objects will appear as line items on the GAAP basis reports produced by R★STARS. Payroll Expenditures, Contractual Services, Travel and Capital Outlay Land are examples.

GAAP Category - D16 (Expenditures) — a grouping of GAAP Objects. GAAP Category is the highest level of the R★STARS expenditure object structure required for systemwide GAAP reporting. Examples are expenditures, operating expenditures and non-operating expenditures.

| The object structure for expenditures is illustrated on page 4.1-13. The exhibit illustrates an agency object at a lower level of detail than the comptroller object.

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AGENCY OBJECT FOR EXPENDITURES AT LOWER LEVEL OF DETAIL THAN COMPTROLLER OBJECT



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Appropriation Structure

The following appropriation pattern is used to illustrate the appropriation structure:

AGENCY XYZ**1. Administration and Support:**

a. Executive Administration	\$100,000
b. Planning and Research	22,000
c. Support Operations	10,000

2. Examinations and Supervision 30,000

An appropriation number identifies each budgeted line item in the General Appropriations Act and is the lowest level in the structure. Appropriations are then grouped by agency at the appropriation type level (e.g., capital outlay operating).

The appropriation number may be inferred by the Index, PCA or it may be entered. Appropriation type is referenced by the Appropriation profile (020).

Agencies that elect to implement profiles in an object structure defined and controlled by agencies, such as D11 Agency Object and D25 Agency Object Group profile, noted on the 25 Agency Control profile, need to be aware of the need to establish agency objects (D11) for both old and new appropriation years, during the Year-End Closing period. It is important to establish agency objects (D11) for both appropriation years, because transactions from both old and new appropriation years will be generated and/or recorded in the new year. Failure to establish agency objects for both appropriation years will result in errors.

Definitions

Appropriation Number (020)— identifies each budgeted line item in the General Appropriations Act and is the lowest level of the appropriation structure. Examples include Executive Administration, Planning and Research, Support Operations and Examinations and Supervision.

Appropriation Group — Currently not used in Michigan. Default value is 01.

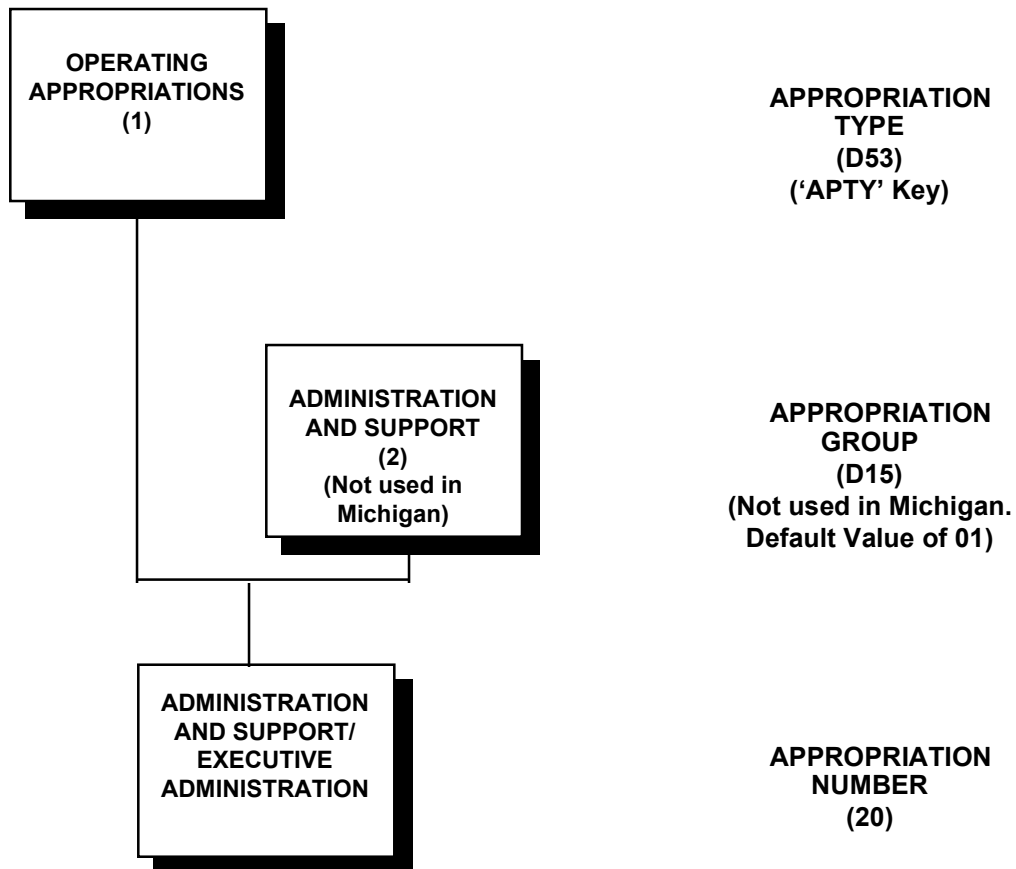
Appropriation Type (D53)— may cross agencies. Examples include Operating Appropriations and capital outlay appropriations. The appropriation type grouping is used for systemwide reporting.

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Both appropriation group and appropriation type are defined centrally. The R★STARS
| Appropriation Structure is illustrated on page [4.1-16](#).

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APPROPRIATION STRUCTURE



- 1 APPROPRIATION TYPE MAY CROSS AGENCIES
- 2 APPROPRIATION GROUP IS MAINTAINED AT THE STATEWIDE LEVEL

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Program Structure

The program structure (D04) is used to classify the activities that occur in an agency. It is generally related to the agency's goals and objectives and reflects what the agency does.

Nine optional levels are provided for agencies who wish to record detailed program activity.

Program codes, if desired, must be set up and referenced by PCA's. PCA's may be inferred by the Index or entered on input transactions at the option of the agencies. Also, Program can be inferred by the appropriation number.

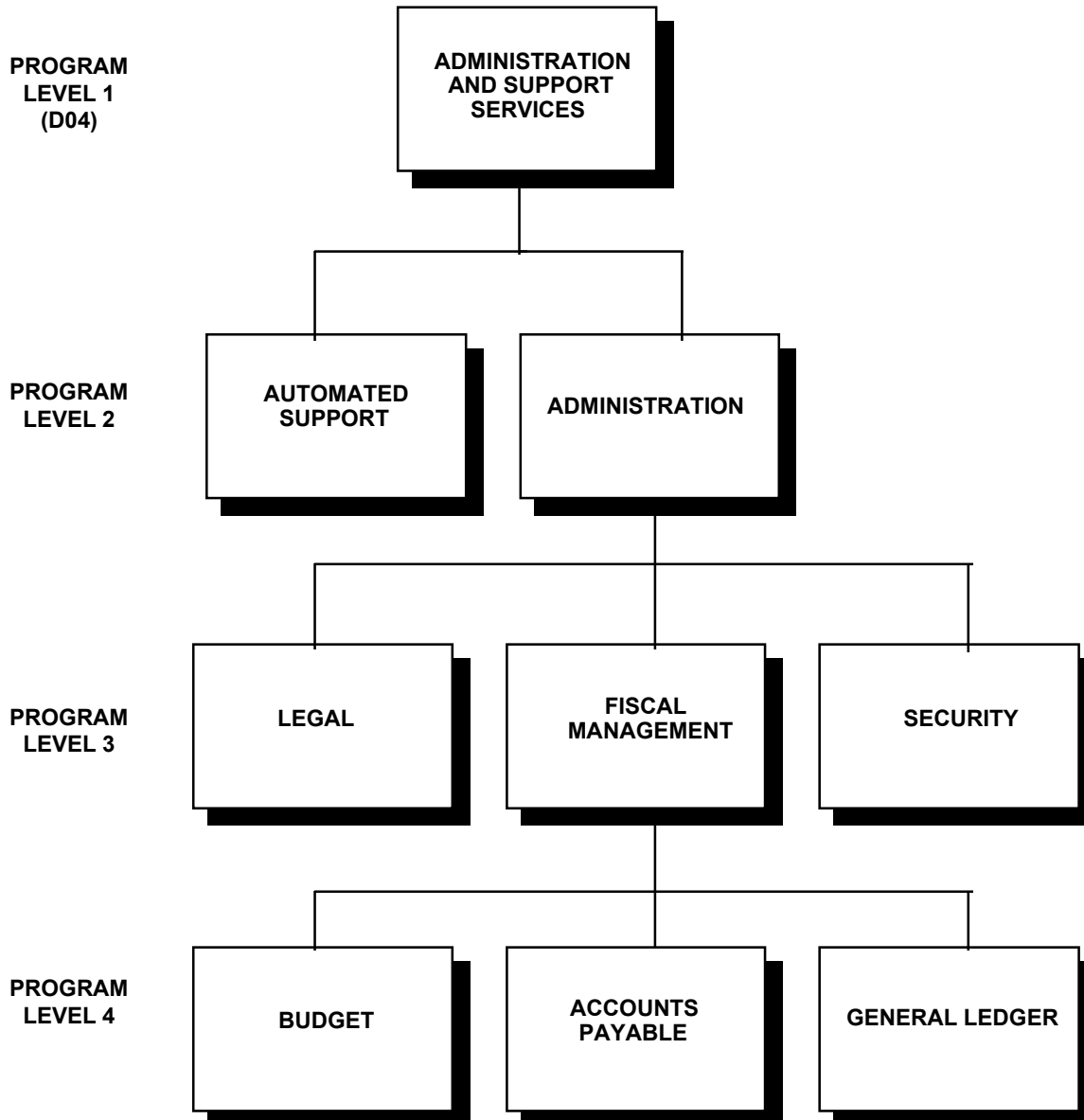
Definitions

Program Levels 1-9 — This optional structure may be defined in any manner deemed appropriate by agency administrators.

| The R★STARS Program Structure is illustrated on page [4.1-18](#).

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PROGRAM STRUCTURE AGENCY EXAMPLE



Note: Five additional levels are available

Function Structure

Agencies may use the function structure to record and categorize expenditures by type or operational activity. Examples include Instruction, Support Services, Health & Welfare.

Level 1 in the function structure has a value of “0000” for all agencies and institutions. Up to nine levels of function are available. The function structure is defined centrally.

The Program Cost Account (PCA) infers the function structure. Function codes may not be directly entered onto transactions. The PCA may be entered on the financial transactions or inferred by the Index.

Agencies that elect to implement profiles in an object structure defined and controlled by agencies, such as D11 Agency Object and D25 Agency Object Group profile, noted on the 25 Agency Control profile, need to be aware of the need to establish agency objects (D11) for both old and new appropriation years, during the Year-End Closing period. It is important to establish agency objects (D11) for both appropriation years, because transactions from both old and new appropriation years will be generated and/or recorded in the new year. Failure to establish agency objects for both appropriation years will result in errors.

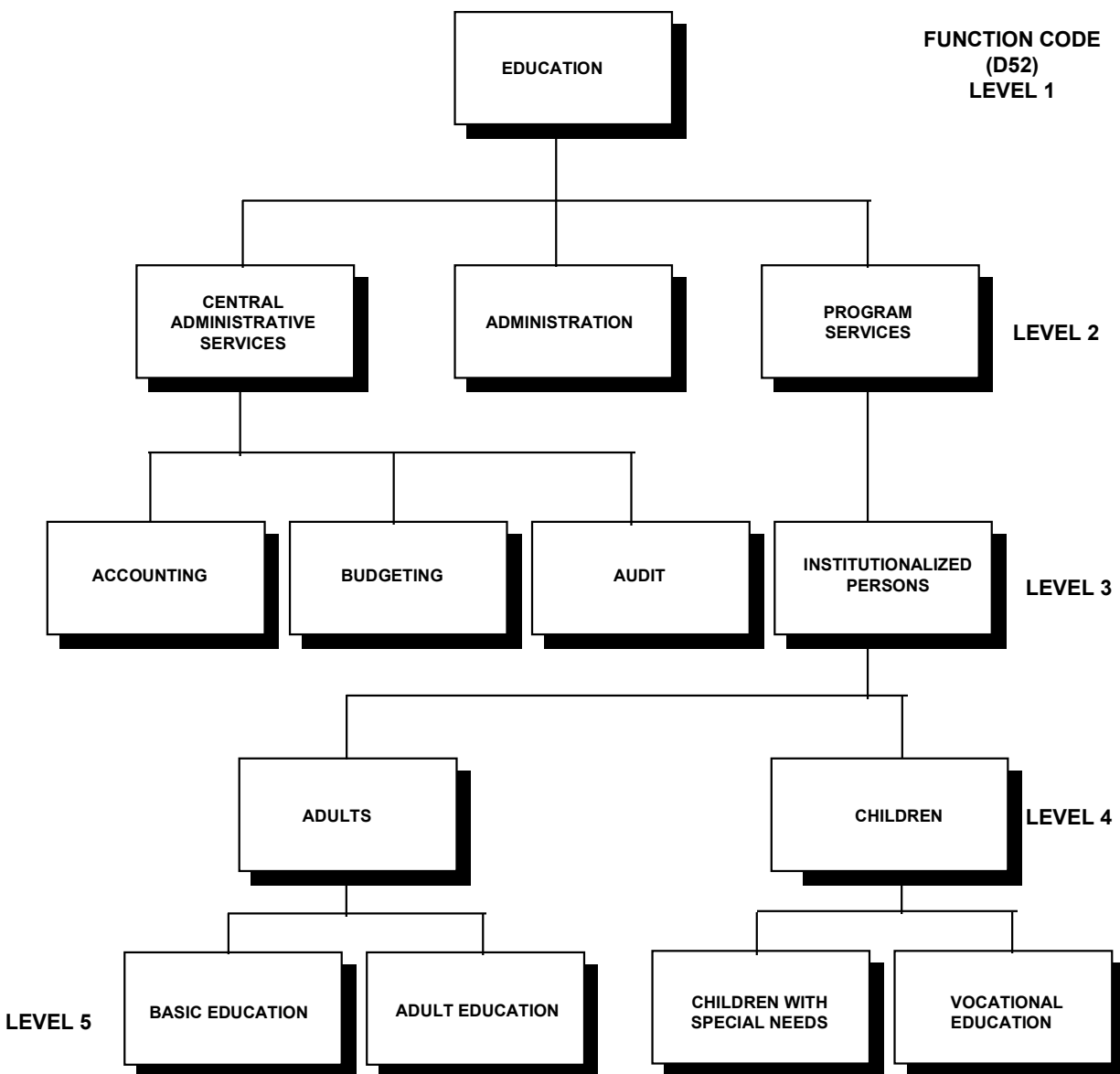
Definitions

Function (Level 1-9) — groups related activities that are aimed at accomplishing a major service or regulatory responsibility. Up to nine levels of function are available.

| The R★STARS Function Structure is illustrated on page [4.1-20](#).

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FUNCTION STRUCTURE AGENCY EXAMPLE



Note: Four additional levels are available.

Organization Structure

This structure is used to store and report financial information based on how state agencies are organized.

Agency is the only data element in the organization structure which must be entered. In most cases, the agency defaults to a value contained in the user's security record. The Agency profile references the agency type.

Level 1 in the organization structure has a value of "0000" for all agencies. Levels 2 - 10 in the organization structure are inferred by the Index.

Definitions

Agency — generally equates to the existing department number in the State's accounting manual. Agency is the first level of the organization structure.

Organization Levels 2-10 — the organization structure accommodates up to nine additional levels of organization under each agency. The number of levels used is at the agency's discretion.

Agency Type — a classification of agencies. Agency type is used to indicate that an agency is a batch agency. Batch agencies represent data entry locations and also interfacing systems. There may be multiple batch agencies for one financial agency.

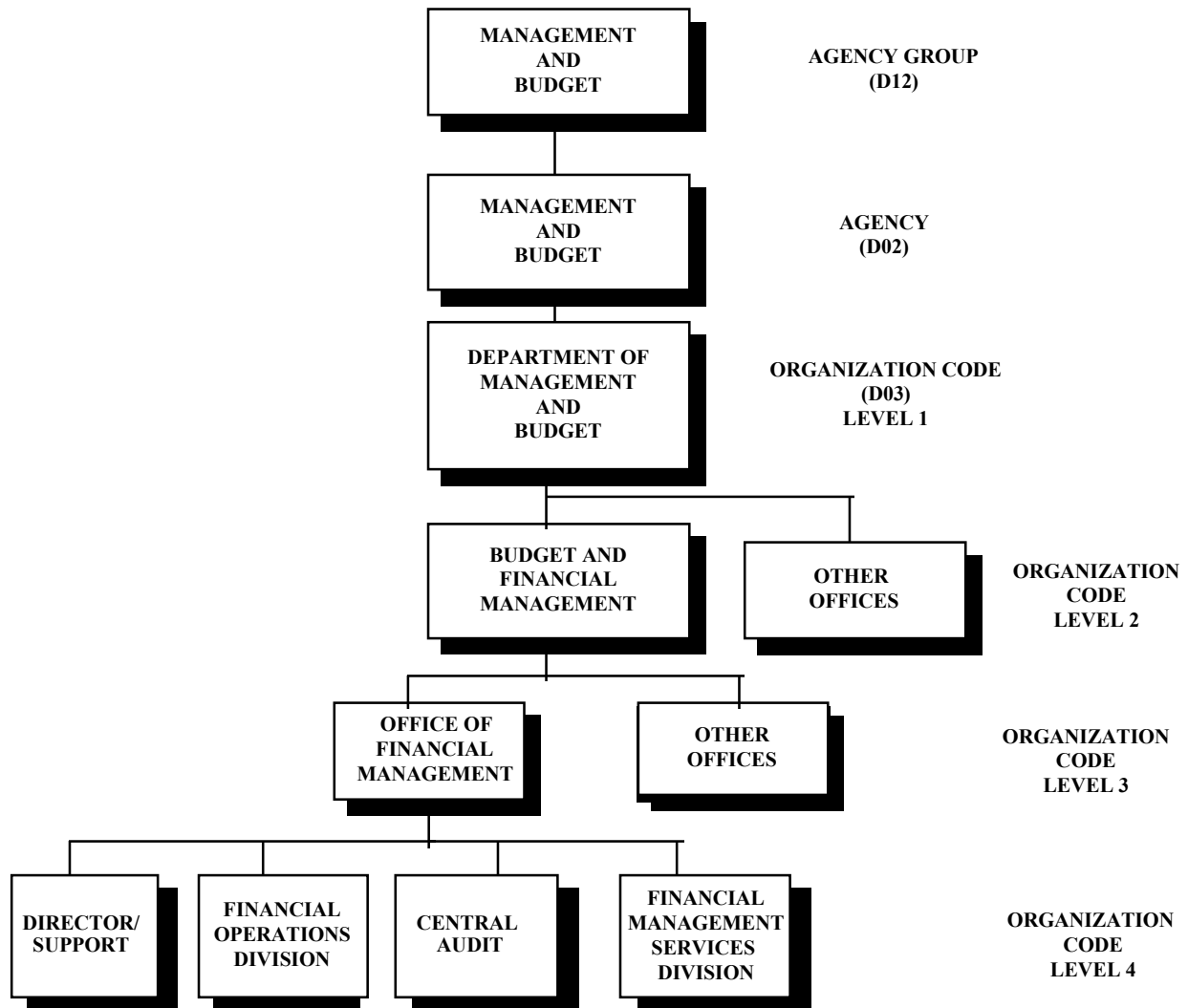
Agency Group — a grouping of agencies. The purpose of agency group is to classify similar agencies into a single group for reporting. Each department is an agency group.

GAAP Function — a grouping of state agencies, for example, General Government and Public Safety and Corrections. GAAP Function is used for the GAAP basis reports.

| The R★STARS Organization Structure is illustrated on page [4.1-22](#).

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ORGANIZATION STRUCTURE



Note: Five additional levels are available.

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Grant Structure

The grant structure is necessary for R★STARS to compile the Schedule of Federal Financial Assistance required by the Single Audit Act of 1984 and Office of Management and Budget Circular A-128. In addition, this structure allows agencies using R★STARS for their internal accounting to track grant activity at an appropriate level of detail to ensure control over these funds.

For data entry purposes, R★STARS allows the grant number and phase to be entered on the input transaction, or inferred by the Index, PCA, or project number/phase.

Definitions

Grant Number — records and reports individual grant information. This data element identifies individual grants within a particular grant program (see Grant Category below).

Grant Phase — provides a further breakdown of a grant for accounting and reporting purposes or to identify the grant year for multi-year grants (e.g., 91, 92, or 93).

Agency Code 1 — provides a low level activity or task that is tracked by an agency. This element may be used to track and/or control similar activities within a grant.

Subgrantee — identifies the subcontractor or subrecipient of “pass-thru” grants. The Subgrantee may be another state agency or it may be other entities that are not within the state entity. **The subgrantee element will not be implemented in Michigan.**

Grant Category — identifies the program for each grant. For federal grant programs, this data element corresponds to the CFDA number. Two examples would be 10.028: Animal Damage Control and 83.516: Disaster Assistance.

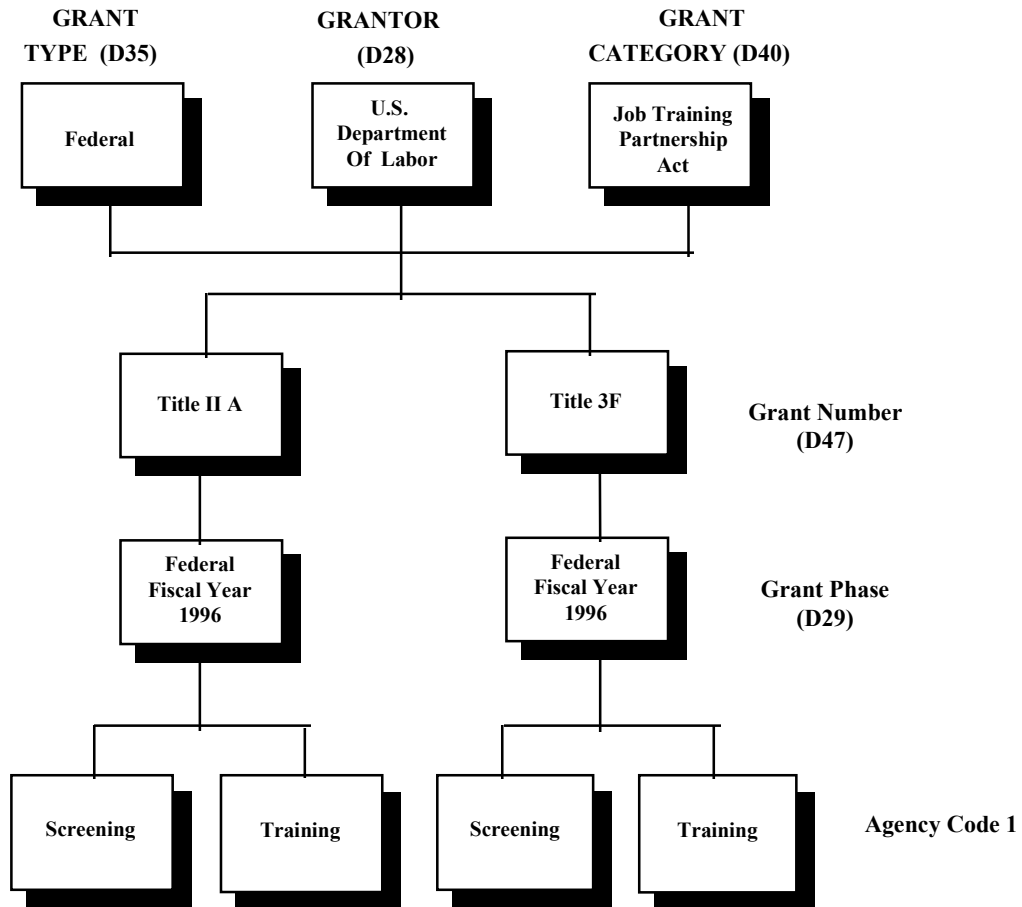
Grantor — identifies the organization or individual from whom the grant was received. Examples of federal grantors include the U.S. Department of Agriculture, the U.S. Department of Commerce and the National Science Foundation.

Grant Type — identifies the grant as federal, state, local, private, or gift. Grant type is referenced by the Grant Number profile.

| The R★STARS Grant Structure is illustrated on page 4.1-24.

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GRANT STRUCTURE



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Project Structure

Project number and project phase are used to classify financial activity associated with a project. GAAP requires project accounting for the acquisition or construction of major capital facilities.

For data entry purposes R★STARS allows the project number and project phase to be inferred by the Index, PCA or grant number/phase. The project number and phase may also be entered.

When existing indexes/PCAs are changed midyear, an agency faces the potential for internal transaction (IT) file mismatches. As an example, a receivable is established using an index/PCA without an agency code. The original index/PCA is subsequently modified with Agency Code 2. Then, if the modified index/PCA is used to satisfy the existing receivable, the revenue transaction won't satisfy the receivable, i.e., an IT file mismatch will result.

To ensure matches to existing transactions, you must select from one of the following methods to implement the necessary coding structure changes:

- 1) Keep the current coding in place for all transactions initiated but not completed prior to the date of change, and add additional coding that includes Agency Code 2 for all transactions initiated date of change or later;
- 2) Add Agency Code 2 to your existing indexes/PCAs after all transactions initiated prior to date of change have completed their cycle and have posted to the history file (NOTE: user this method, you must begin to use Agency Code 2 after a reasonable period and not later than ten business days from date of change); or
- 3) Agencies may, at their discretion, key the Agency Code on new transactions initiated date of change or later.

This process requires additional effort on the agency's part, but is designed to minimize the burden of coding changes required midyear.

Definitions

Project Number — identifies the basic project to be accounted for.

Project Phase — provides a further breakdown of a project for accounting and reporting purposes.

Agency Code 2 — provides a low level activity or task that is tracked by an agency. This element may be used to track and/or control similar activities within projects.

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Project Category — is a grouping of Capital Projects that cross agencies for systemwide reporting. It is an optional field.

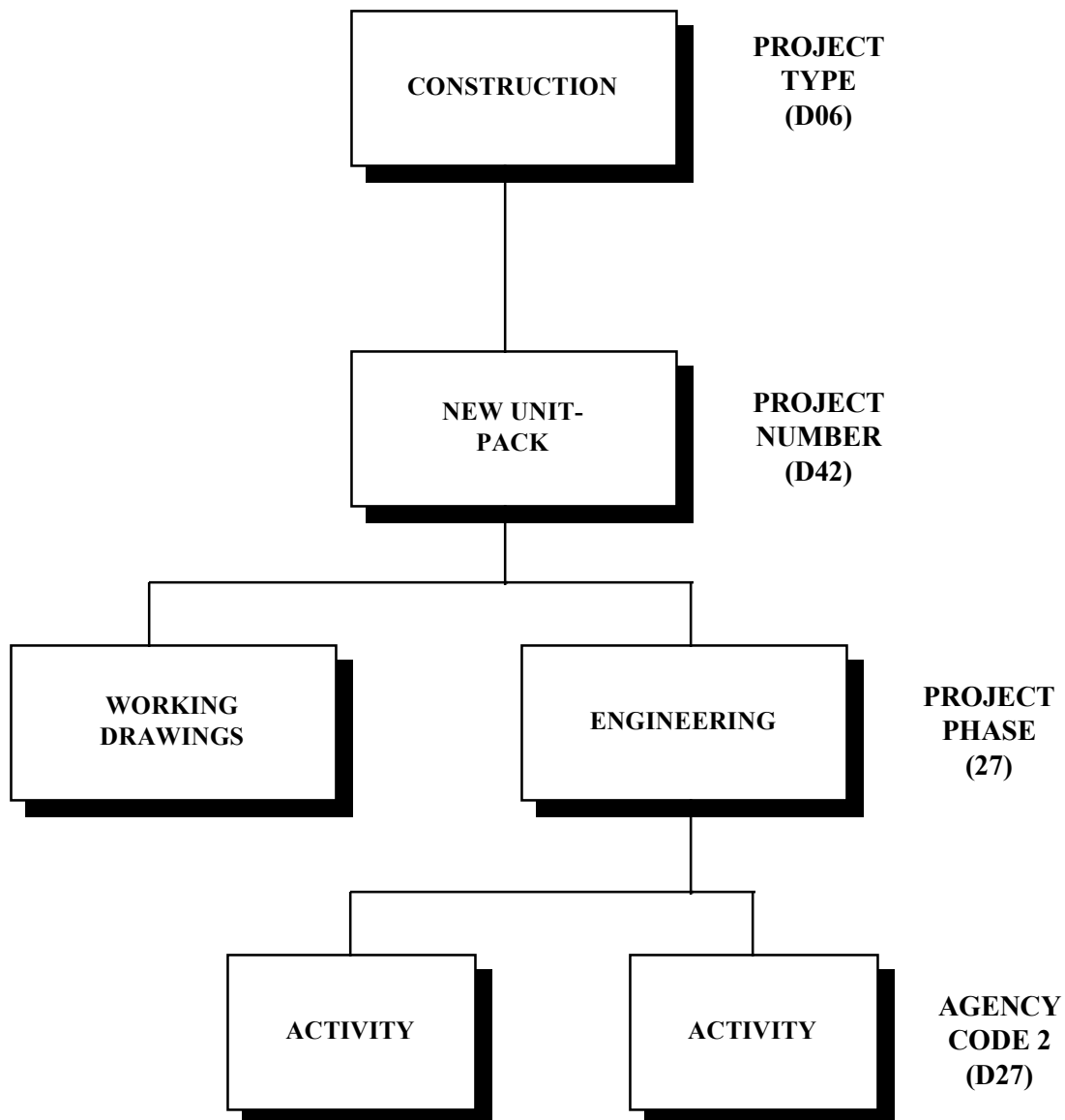
Project Group — is a grouping of projects. Projects with similar characteristics may be grouped for reporting. For example, all projects relating to construction can be grouped together under a project group — Civil.

Project Type — is a grouping of projects. Projects with similar characteristics may be grouped together by type. For example, all projects relating to construction can be grouped together under a project type — Construction.

| The R★STARS Project Structure is illustrated on page [4.1-27](#).

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PROJECT STRUCTURE



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Other Elements

Other elements are available in the R★STARS classification structure for internal agency reporting. These elements are generically named: Agency Code 1, Agency Code 2, and Agency Code 3. These three elements provide an internal agency code for cost reporting purposes. The titles for these codes for internal agency reports are included in an agency profile.

Agency code 1 will provide a lower level of activity, or task, that is tracked by an agency as part of the grant structure.

Agency code 2 will provide a lower level of activity, or task, that is tracked by an agency as part of the project structure.

Agency Code 3 will provide a lower level of activity, or task, which an agency can use for any purpose they deem necessary.

Another element, Multipurpose Code, is also available for agency use. Unlike Agency Code 1, 2, and 3, the Multipurpose Code is not established in a profile, and has no edits performed by R★STARS. However, agencies who use the HRS Data Collection Distribution System (DCDS) have an opportunity to establish and invoke edits for all Multipurpose Codes coming from HRS DCDS.

These elements are optional at the agency's discretion.

The Agency Code 1, Agency Code 2, Agency Code 3, and Multipurpose Code are entered on input accounting transactions or may be optionally referenced by the Index or PCA profiles.

Definitions

Agency Codes 1, 2 or 3 — are used to identify any category of internal cost reporting needs of an agency. For example, a cost category that crosses internal organization, program, project and grant boundaries may be accumulated with the Agency Code.

Multipurpose Code — a code available in R★STARS for agency use. This code does not have a profile in R★STARS.

4.2 INPUT CODING REQUIREMENTS

The input coding block provides a mechanism to identify the R★STARS classification structure on accounting transactions. Because the classification structure meets the varied accounting and reporting requirements of state agencies, systemwide financial reporting, legislative budgeting, and GAAP, the input coding block must be flexible. One of the goals of R★STARS is to provide the flexibility needed by a large number of diverse users with a minimum amount of coding effort.

This section reviews the basic input coding block requirements for accounting transactions in R★STARS. Not all of the data elements described have to be entered. R★STARS provides coding reduction mechanisms, in particular Index and PCA, that can infer many of these data elements.

Input Coding Block Elements

The input coding block consists of a number of data elements. Some of these elements are required and some are optional.

The required elements are:

- Agency
- Appropriation year
- Transaction code
- Appropriation number
- Fund
- Comptroller general ledger account
- Comptroller object (for revenue, expenditure or expense transactions)
- Function (for expenditure transactions)

The optional elements are:

- Agency General Ledger Account
- Agency Object
- Grant Number/Phase
- Subgrantee (**not used in Michigan**)
- Project Number/Phase
- Agency Code 1

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- Agency Code 2
- Agency Code 3
- Multipurpose Code

Coding Reduction Elements

In addition to these data elements, R★STARS provides the Index and PCA as coding reduction elements to simplify the data entry for all of this information. Both the Index and PCA are established in profiles.

The **Index** Profile contains the following data elements:

Organization Code	Required
Appropriation Number	Optional
Fund	Optional
Program Cost Account	Optional
Grant Number/Phase	Optional
Project Number/Phase	Optional
Agency Code 1	Optional
Agency Code 2	Optional
Agency Code 3	Optional
Multipurpose Code	Optional

The **Program Cost Account** Profile contains the following data elements:

Program Code	Required
Appropriation Number	Optional
Fund	Optional
Index	Optional
Function	Required
Grant Number/Phase	Optional
Project Number/Phase	Optional
Agency Code 1 - grant	Optional
Agency Code 2 - project	Optional
Agency Code 3 - agency defined	Optional
Multipurpose Code	Optional

As shown above, the Index and PCA can infer the same data elements. The primary difference between the two is that Index infers an agency's organization structure, whereas PCA infers the agency's program structure. Another major difference is PCA references Function, and Index does not. Additionally, the Index can infer the PCA and the PCA can infer the Index. Consequently, an agency or institution can infer all of the major data elements in its classification

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structure by entering a single code. Examples of some typical coding combinations are included at the end of this chapter.

R★STARS Coding Requirements

The chart on page 4.2-4 reflects a sample input coding block. One column on this chart indicates the key entry requirements. The next column indicates the resulting input coding block. Notice that very few elements are actually entered into the system. Most are inferred from other data elements that have been established in R★STARS profiles.

Notice on the same chart that the first two data elements are generally not coded on input but defaulted by R★STARS based on system profiles. These include:

- **Agency** — the agency is derived from the user's log-in. Any user that has the authority to enter transactions for multiple agencies may change this value. The Security profile identifies the range of valid agencies that a user may access.
- **Appropriation Year** — the appropriation year defaults to the current year contained in the System Management profile. In the case of a transaction being charged to a different appropriation year, the proper year can be entered over the default year.

The coding options for the other required data elements are explained below:

- **Transaction Code** — the transaction code provides rules for edit checks and file postings. In most cases, the transaction code provides both sides of the general ledger entry.
- **Appropriation Number and Fund** — these elements are required on every transaction in R★STARS that affects the Appropriation and Agency Budget Financial Tables. These elements are usually inferred by the Index or PCA, but may be entered on the input transaction.
- **Comptroller General Ledger (GL) Account** — this element is usually provided by the transaction code, as mentioned above. However, if the transaction code provides only one side of the general ledger entry (e.g., Debit or Credit), the account for the other side must be entered or it may be inferred from an Agency General Ledger Account that is entered into R★STARS. For example, an entry to debit a Fixed Asset Account and credit Investment in General Fixed Assets would be recorded by entering the debit side of the transaction with an Agency General Ledger Account (e.g., Budget from Federal Grants) which would look up the Comptroller GL Account (e.g., Buildings).

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- **Comptroller Object** — the comptroller object is required only on transactions which have a nominal (e.g., revenue, expenditure, or expense) impact. This data element must be entered or may be inferred from an agency object.

The optional elements shown on the chart can be coded as follows:

- The **agency general ledger account** and the **agency object**, if used, must be entered into the system.
- The **organization code** must be inferred by an Index.
- The **program code** must be inferred by a PCA.
- The **function code** must be inferred by a PCA.
- The **remaining optional data elements** may be entered or inferred from an Index or PCA, depending on the particular needs of a given state agency. Examples of some of the alternatives for coding these data elements are provided at the end of this chapter.

Typical Input Coding Block

An input coding block is illustrated below.

KEY ENTRY REQUIREMENTS	RESULTING INPUT CODING BLOCK
Agency (default)	Agency Number
Appropriation Year (default)	Appropriation Year (current)
Transaction Code	Comptroller General Ledger Account (DR and CR)
Index	Organization, Grant, Project and PCA
Comptroller Object	Comptroller Object
Program Cost Account	Function, Program, Appropriation Number, and Fund

As illustrated, the key entry requirements can be reduced to the following:

- Transaction code
- Index
- Comptroller object

Agency number is inferred from the Security profile and appropriation year defaults to the current year. Assuming that an entry applies to the current appropriation year, the only items to

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enter would be transaction code, Index and comptroller object in order to infer all of the resulting input coding block elements listed on the above chart.

Optional Elements

R★STARS includes numerous data elements that may be used at the agency's discretion. Agencies may use these data elements:

1. To process transactions when using R★STARS as their internal accounting system.
2. To facilitate the reconciliation between an agency's internal accounting records and R★STARS.

Often agencies require accounting information at a different level than is needed for systemwide accounting purposes in order to maximize fiscal responsibility for certain functions and programs. Agencies can set up optional levels of detail in the R★STARS classification structure. R★STARS can then produce reports at the same level of detail as is used by the agency, and thereby minimizing the reconciliation effort.

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4.3 CODING BLOCK EXAMPLES

The following pages provide several examples to demonstrate coding block flexibility for agencies and institutions.

Example 1

Assume that an agency wants to track its financial information by appropriation only. The agency has two appropriations and one funding source.

The agency would need one Fund profile to establish a Fund Number relating the funding source to the GAAP subfund, appropriated fund and the state fund group. Additionally, two Appropriation profiles would be required (one for each of its appropriation line items). Index profiles would also need to be set up; one to look up each Appropriation/Fund combination.

Fund Profile

<u>Agency</u>	<u>Fund</u>	<u>Appr. Fund</u>	<u>GAAP Subfund</u>	<u>State Fund Group</u>
751	5670	0110	0010	0812

Appropriation Profiles

<u>Agency</u>	<u>Appn #</u>	<u>Appn Group</u>	<u>Appn Type</u>	<u>Program</u>
751	01234		1	0001
751	01254		1	0002

Index Profiles

<u>Agency</u>	<u>Index</u>	<u>Appn Year</u>	<u>Appn #</u>	<u>Fund</u>
751	00601	94	01234	5670
751	00602	94	01254	5670

Coding Block Entry

When the agency enters financial transactions in R★STARS, the coding block would look like this:

Agency Number: 304

<u>Appn Year</u>	<u>T-Code</u>	<u>Index</u>	<u>Comp Object</u>
94	022	00601	6125
94	022	00602	6130

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Example 2

The agency has two appropriations, one funding source and two divisions within its administration. Each division is responsible for one appropriation.

The agency would need an Organization Code profile for each of its divisions in addition to two indexes that establish the relationship between the agency's appropriations and its divisions. The Organization Code and Index profiles are shown below:

Organization Code Profiles

<u>Agency</u>	<u>Org Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
751	0000	0610	0611	0612
751	0000	0620	0621	0622

Index Profile

<u>Agency</u>	<u>Index</u>	<u>Appn Year</u>	<u>Appn #</u>	<u>Fund</u>	<u>Org Code</u>
751	00612	94	01234	5670	0612
751	00622	94	01254	5670	0622

In this example, the agency can assign Index numbers that mimic its organization codes. This could make it easier for the accounting staff to record its financial activity by organization.

Coding Block Entry

When the agency enters financial transactions in R★STARS, the coding block would look like Example 1:

Agency Number: 751

<u>Appn Year</u>	<u>T-Code</u>	<u>Index</u>	<u>Comp Object</u>
94	022	00612	6125
94	022	00622	6130

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Example 3

Assume that another agency operates like the agency in Example 2, except that this agency has three federal grants that are administered by personnel in both divisions of the agency. The charges to the grant are dependent on the transaction completed. In this situation, the agency could set up indexes just like the agency in Example 2. Then, as transactions are processed for each grant, the grant is coded independently, as follows:

Index Profile

<u>Agency</u>	<u>Index</u>	<u>Appn Year</u>	<u>Appn #</u>	<u>Fund</u>	<u>Org Code</u>
751	00601	94	01234	5670	0601
751	00602	94	01254	5670	0602

Coding Block Entry

Agency Number: 751

<u>Appn Year</u>	<u>T-Code</u>	<u>Index</u>	<u>Comp Obj</u>	<u>Grant #/Phase</u>
94	022	00601	6125	111111/94
94	022	00602	6125	222222/94
94	022	00602	6130	333333/94

This example could be expanded to include any of the optional data elements in R★STARS such as project #/phase or agency codes 1, 2 and 3 or optionally, the agency may set up indexes for each combination of grant, appropriation number, fund and organization to maximize coding reduction.